

MEMORIAL

OF

A NUMBER OF DISTILLERS OF SPIRIT IN BOSTON, MASS.,

PRAYING

*That the drawback on domestic spirit manufactured from foreign molasses may not be abolished.*

---

JULY 26, 1842.

Referred to the Committee on Printing.

JULY 28, 1842.

Ordered to be printed.

---

*To the honorable the Senate and House of Representatives of the United States of America, in Congress assembled:*

The subscribers, distillers of spirit in Boston and vicinity, have learned with much surprise and solicitude that your honorable bodies, having under consideration, in connexion with the new revenue laws, the subject of the drawback now paid on the foreign exportation of domestic spirit manufactured from foreign molasses, have it in contemplation to abridge and ultimately extinguish said drawbacks. Feeling convinced that the contemplated change would not fail to bring with it ruin to our present business; that it would render utterly valueless hundred of thousands of dollars invested by the subscribers in their works; that it would throw out of present employment not only a large number immediately engaged in the manufacture, but that it would also result in serious losses and injuries to thousands indirectly but materially interested; that it would directly affect and very materially injure, if not destroy, the lumber trade between the West Indies and Maine and other States; that it would ultimately result in a serious loss to the revenue of the country, while not a single benefit can, with the least certainty, be predicted from the change. In view of these considerations, the undersigned beg leave, respectfully but earnestly, to remonstrate against the proposed change, and to ask the attention of your honorable bodies to the following brief exposition of a few of the facts, in view of which they respectfully solicit a continuance of the drawbacks upon foreign exportation of spirit of domestic manufacture, under such regulations as may be deemed necessary to render the drawback proportionate to the duties actually paid.

Your memorialists can not suppose that it can form any part of your purpose or design to break down and destroy their business of exporting their manufactures abroad, especially if they can show to you, as they hope to be able to do, that Government would be losers, and not gainers, by the abolition of the drawback, while no good would, or in any contingency could, result from it.

Thomas Allen, print.

Your memorialists need hardly remind your honorable bodies that the drawbacks we have hitherto received have not been, and can not now be, regarded as in any sense a bounty. They constitute in reality only a *permission* to import free of duty, or nearly so, foreign *tart* molasses, fit only for distilling, on the condition of its manufacture and re-exportation. The form of payment of duties and their restoration in drawbacks are in fact but a mode of guarantying that the condition of the free importation of molasses for the purposes of manufacture have been complied with. Government pays back only what it has received, and moreover what it would not have received except with the expectation of this repayment. For without this permission to import the raw article, and re-export the manufacture without duty, the American would be wholly unable to compete with the foreign manufacturer, and would be compelled to withdraw from a ruinous competition, leaving the foreign rival the undisputed possession of every foreign market. The consequence would be almost the immediate abandonment here of the distillation of spirit from molasses, and as a matter of course the importation of that article for the purpose of the distillation would entirely cease, and necessarily with it all duties upon it; whatever balance therefore in favor of Government there may be between drawbacks and duties will be lost. Beside this, it is well known that the importation of molasses has created an important incidental trade between our own country and the West Indies, which not only is a source of employment and profit to American capital, vessels, seamen, &c., but also of no inconsiderable revenue to the Government. This trade is dependant altogether upon the large importations of molasses. It has grown up with it. It can only be carried on incidentally to it. Destroy, as you are about to do, the one, and of necessity the other dies with it. Their destinies are interwoven. They survive or perish together, as your legislation shall determine.

It will also be remembered, that, beside this incidental trade between this country and the West Indies, the vessels employed in the lumber trade between Maine and some southern States and the West Indies, are also dependant upon molasses for a return freight, without which the trade would be no longer a source of profit. Your memorialists respectfully represent, that in previous years they have used annually in their business 40,000 hogsheads of molasses, and that upward of 60,000 have been annually manufactured in the country at the smallest possible computation. This alone gives employment to tonnage to the amount of 35,000 tons of shipping for *importation* only. The consumption in this country has rapidly decreased; and in consequence of this and the low price of whiskey, prices of rum have declined in three years from 40 cents to 17 cents, thus enabling us to make large sales abroad at low prices. New markets are constantly opening, and the demand for their product in every part of the globe is rapidly increasing. It is not hazarding too much to assert that, with a drawback, in five years the whole amount distilled in the country two years since—say 60,000 hogsheads—may be exported, thus affording freight for 120,000 hogsheads per annum to our navigation, beside the lumber freights in the first instance. Take away drawbacks and by destroying our business you render the lumber trade no longer a profitable one and throw this amount of American tonnage out of employment. Formerly this matter of drawback has not been one of much importance to us, but a combination of circumstances have made their continuance of vital consequence to our existence in business. The low prices of grain, and consequently of whis-

key also, by driving us from a home market, have compelled us to seek out foreign ones. This state of things, there is every reason to believe, will be permanent. Driven abroad for a market for our manufactures by a competition at home, with which we can not compete, all that your memorialists ask at your hands is *permission* to compete with the foreign distiller on terms of equality. Our superior skill, industry, and enterprise, will enable us to compete with them successfully, notwithstanding their superior advantages in other respects, provided our Government will not clog and destroy our business by the imposition of duties upon the raw article unrelieved by drawbacks upon the distilled. A duty without a corresponding drawback, it will be perceived, operates as a virtual bounty upon the foreigner in precisely the same proportion as it operates as a tax upon us. With a drawback equivalent to the original duty, we fear not competition in foreign markets. We can compete successfully with any rival, and can, moreover, give direct and immediate employment to thousands of Americans and value and profit to millions of property otherwise nearly or quite valueless. Without it we can not exist; and not only does our business and our vested property perish, but with it all the innumerable ramifications of business dependant upon it. If shut out from foreign markets, our only resource is to compete with the distiller of grain for the home market. A large share of molasses imported for sweet becomes unavoidably sour and worthless, except for distilling. *If we are COMPELLED to sell at HOME, we must undersell the whiskey distiller.*

Your memorialists are not unaware that an effort has been made for the abolition of these drawbacks by a portion of their fellow-citizens, under the mistaken impression that the destruction of our business would result in moral benefit. We can not believe, however, that, in legislating upon questions which permit only their consideration in a commercial and a national point of view, your honorable bodies can regard it as any portion of your constitutional duties to take into serious consideration doubtful, if not impossible moral advantages in *foreign* countries. It is, therefore, with some reluctance, on account of its entire irrelevancy, that we venture to suggest that those who imagine that the destruction of our business by ruinous taxation would result in any possible advantage such as they seem to anticipate, are strangely and wholly in error. For it is obvious to the most superficial observer that in proportion as you destroy our business and take away our facilities for distillation, in precisely the same proportion do you encourage and increase our foreign rivals. Strike out of existence our distilleries, and in precisely the same ratio and to the full amount the vacuum is supplied by the foreigner with the foreign article. Who in that case is the gainer? The foreign distiller, *and he only*. Who are the losers? Our own country, in the loss of its lumber trade, the destruction of an incidental return trade, the loss of employment to thousands of her tonnage, and to thousands of her seamen, coopers, truckmen, &c., and instantaneous annihilation of a very large amount of private property. The loss, therefore, that would result from the change you propose would be crushingly severe and unavoidable; the gain, except to the foreign distiller, doubtful or nothing.

The hardship of our case, if you take away our drawback, and the injustice, may be seen by a passing glance at its operation in a single instance. The most formidable competition which the American article has to contend with in the foreign market, is the "aguardiente," or rum of the island of Cuba. By means of greater attention to the distillation there, and the importation of superior apparatus from England and France, this spirit has of

late years been furnished of a greatly improved purity and flavor, and the exportation from Cuba has increased very materially. It was as follows for three years past, from two ports only :

1839	-	-	-	-	-	7,000 pipes.
1840	-	-	-	-	-	9,000 "
1841	-	-	-	-	-	9,500 "

A pipe contains from 125 to 130 gallons, and sells at about \$10 or \$11 each, or at the rate of 8 or 9 cents per gallon. It will be easily seen that when, even with the drawback, we can not afford our spirit at a less rate than 17 cents per gallon, with the additional burden of a tax amounting to thirty per cent., our case will be a hopeless one. "Aguardiente" will be imported into our ports for the purposes of re-exportation to foreign markets, now supplied by us. It will, of course, be entitled to debenture on re-exportation, and thus the *foreign distiller* will have all the benefits of drawback, in which American manufacturers will be unable to share, for no other reason that we can see than because we manufacture *at home*, giving employment to *American* labor and to *American* capital. A duty on molasses, therefore, it will be seen, at once becomes immediately a tax upon *American* industry and capital, and a bounty to the foreigner. Is this just? is it fair, politic, or expedient, especially when it is impossible to perceive the probability of any good result therefrom?

Your memorialists would also respectfully represent that they have suffered inconveniences and losses, from the manner in which the drawbacks have been proportioned. The original intention in granting the drawback was to repay in drawbacks as nearly as possible the amount previously collected in duties, with such limitations as to secure Government from over-payment. It was formerly customary to make it of first proof only, to make 100 gallons of which, required 105 to 108 gallons of molasses; this fact is very easily ascertained. Of late years, to suit certain markets it has been made of 25, 50, and 75 per cent. above first proof. Of course, the amount of molasses taken to make this spirit is just in the same proportion greater than if it were of first proof. The subscribers would, therefore, respectfully ask that the drawback may be proportioned to the amount of molasses used in the distillation of such spirit. All that your petitioners desire is, that they may have returned to them as much duty as shall have been paid on the necessary quantity of molasses to make a given quantity of spirit, with such precautionary restrictions as may be deemed necessary to secure the public Treasury from over-payments. The necessity to us of this alteration of the drawback may be seen from this. In most foreign markets in which first proof rum is in favor, we can come into successful competition with the British distiller; but when high proof alone will sell, the case is reversed, and the American is driven from the market through the want of a proportionate drawback. An alteration, such as was proposed by the House Committee of Commerce last summer, would do much toward placing us on an equality. A copy is annexed:

"SEC. 3. *And be it further enacted*, That, from and after the said thirtieth day of September next, the drawbacks payable on exported refined sugars, manufactured from foreign sugars, and on exported rum, distilled from foreign molasses, shall be reduced in proportion to the reduction which shall have been made by law (after the passage of the acts of Congress of the twenty-first of January, eighteen hundred and twenty-nine, and twenty-ninth of May, eighteen hundred and thirty, allowing said drawbacks), in the duties on the imported sugars or molasses out of which the same shall have been manufac.



tured or distilled; and in no case shall the drawback exceed the amount of import duty charged on either of those articles consumed in obtaining the manufactured or distilled article which is exported, but shall be regulated as nearly as possible to the same amount; and in all cases of spirits distilled from foreign molasses, where the strength of the spirit is above proof, the drawback shall have relation to the quantity of molasses used in the manufacture of such spirit."

The advantages in being thus enabled to export spirit of high proof are these: in many markets, from long-established custom, none other find any demand. It makes, too, a material saving in casks, high proof occupying less bulk; and in saving freight, and also beside many other smaller expenses. In some countries, where the duty is high, no distinction is made, but the duty is alike on all proofs.

In consequence of the sudden and unexpected manner in which the present change has been proposed and carried through the House, and the necessity for an immediate remonstrance, your memorialists are not prepared to furnish to your honorable bodies full and statistical accounts of all the various ramifications of business and mechanic arts, which are either wholly or in part dependant upon our business, in one form or another. We can only assure you that no one not fully aware of the whole extent of these connexions, can form the most distant idea of its extent. We would, therefore, most earnestly entreat your honorable bodies to take into consideration all the injurious consequences that would not fail to follow to us and to thousands of our fellow-citizens from the adoption of the proposed alteration in drawback upon exported spirit; the rendering entirely valueless a very large amount of private property invested in a manufacture which has been encouraged by enactments coeval with the constitution—the destruction of the lumber trade with the West Indies, which can no longer be carried on if no return cargo can be afforded; the consequent loss to shipping, sailors, coopers, and other mechanics and laborers, beside a certain loss to the revenues of the country; and that you will also remember, that by the change it is not possible to imagine a single certain advantage derivable from the change to any one but the foreign distiller; and that, in view of these considerations, you will not doom your memorialists to certain destruction by an experiment so hopeless in any good result, but so sure to bring ruin and loss upon a *large* number of your fellow-citizens.

Samuel R. Hodges,  
John M. French & Co.,  
Windsor Fay,  
Gardner Brewer,  
Daniel Lawrence,  
C. & E. Trull,  
Luther Felton,  
Ezra Trull,  
P. B. & H. Howland,

Jacob Foss,  
by P. B. Howland,  
Heard & Welch,  
Barnard & Trull,  
Benjamin W. Stone,  
Wm. C. Fay,  
J. W. Trull,  
John Felton,  
William French,  
Joseph Barnard.

